



# Cleveland District Office News

Information for the Small Business Community

**December 2005**

U.S. Small Business Administration  
Cleveland District Office

1350 Euclid Avenue, Suite 211  
Cleveland, Ohio 44115-1815

Phone: 216-522-4180  
Fax: 216-522-2038

December 2005 Newsletter  
*In this issue:*

Loan Report	page 1
Exporting Quiz	page 2
News for SBA Lenders	page 2
Cleveland Matchmaker 2006	page 2
Launching of GO Loan Program	page 3
Small Business Powers Ohio	page 3
Increased Access to Capital in '04	page 4
SBA FY06 Loan Authority	page 4
3 <sup>rd</sup> Annual Veteran Business Symposium	
a Great Success	page 5
Corrections to November Loan Report	page 5

For More Information

**SBA Home Page:** [www.sba.gov](http://www.sba.gov)

E-mail: [answerdesk@sba.gov](mailto:answerdesk@sba.gov)

TDD: 704-344-6640

Your rights to regulatory fairness:  
1-800-REG-FAIR

*All of the SBA's programs and services are provided to the*

*public on a non-discriminatory basis.*



## LOAN REPORT as of November 30, 2005



### Total Loan Volume (7(a) and 504 Combined)

Bank	Number of Loans	Dollars (in thousands)
Charter One Bank	117	\$6,584
National City Bank	44	\$3,539
US Bank	38	\$1,088
JPMorgan Chase Bank	21	\$2,117
FirstMerit Bank	19	\$6,394

### 504 Loans

Bank	Number of 504s
KeyBank	5
FirstMerit Bank	5
Charter One Bank	2
Sky Bank	2
JPMorgan Chase Bank	1
National City Bank	1
Ohio Legacy Bank	1

CDC	Number of Approvals	Dollars (in thousands)
Lake County SBAC	5	\$1,365
Growth Capital Corp.	4	\$1,625
Stark Dev. Board Finance Corp.	3	\$1,136
Cascade Capital Corp.	2	\$510
Ohio Statewide Development Corp.	2	\$1,432
Community Capital Dev. Corp.	1	\$209

## Take this Quiz!

What activity do some small businesses perform that separates them from their peers in the following ways? These small businesses

- grow faster and fail less often than companies that don't
- experience 2 to 4 percentage points faster annual growth in employment than companies that don't
- offer better opportunities for advancement than companies that don't
- expand their annual total sales about 0.6 to 1.3 percent faster than companies that don't
- are nearly 8.5 percent less likely to go out of business than companies that don't
- have blue-collar worker earnings 13 percent higher than companies that don't
- have white-collar employees earning 18 percent more than Companies that don't

**The answer:** These small businesses export their goods and services. For many small companies, exporting is essential to achieve success in the 21<sup>st</sup> century. But it is imperative to do your research and develop an export-marketing plan. Success is best achieved if you calculate all the costs of doing business and understand the results of each decision. Exporting enables producers of goods and services to move beyond the U.S. market of 300 million people and sell to the world market of 6.2 billion! If you have already begun exporting your goods or services, we encourage you to expand into new markets. If you are new to the international arena, we hope you take advantage of the services of the SBA and the other United States Government Agencies that are members of the Trade Promotion Coordination Committee (TPCC). ♦

For additional information, contact Patrick Hayes on 216-522-4731 or go to [www.export.gov](http://www.export.gov).

## News for SBA Lenders



### Proper Loan Coding

The SBA places a priority on helping women, minority and veteran-owned businesses as well as those that export their goods or services. In order to gauge the success of providing these groups with increased access to capital, the SBA relies on the information provided by our lending partners. It is vital that the information in SBA databases be complete and accurate. SBA has streamlined the loan approval process and automated the data entry process. In fact, "E-Tran" allows the data provided by participant lenders to be transferred directly into SBA's database - avoiding transcription errors. This straight-line approach further heightens the need for this information to be captured accurately, when a borrower is completing the SBA Business Loan application.

The most recent version of SBA Form 4 (Business Loan Application) requests race, sex, ethnicity and military service information on page 2. Question 17 on page 3 of the application asks whether the applicant currently exports or will begin to export as a result of the loan. Question 18 asks for an annual estimate of the Company's export sales. Exporting is defined as any sales of goods or services to a foreign buyer. Sales to Canada are export sales. Companies with retail websites that ship product overseas are also exporting.

Thank you for your help in keeping SBA's database as complete and accurate as possible. If you have any questions, please contact your assigned Lender Relations Specialist or Patrick Hayes at 216-522-4731. *For more News for SBA Lenders, see page four.*

## Save the Date!

### Cleveland Matchmaker 2006

**Dates: February 7 & 8, 2006**

Sponsored by The Urban League of Greater Cleveland  
in cooperation with the  
Cleveland District Office, U.S. Small Business Administration

This event follows the first two successful Matchmaker events in Cleveland. Come and meet the following organizations to fulfill your procurement needs:

- Small Businesses
- Small Disadvantaged and 8(a) Certified Companies
- HubZone Certified Companies
- Service-Disabled Veteran-Owned Businesses
- Women-Owned Businesses

If you have clients who could benefit from this event, please contact us immediately at: [james.duffy@sba.gov](mailto:james.duffy@sba.gov), [sonya.wagasky@sba.gov](mailto:sonya.wagasky@sba.gov) or [john.renner@sba.gov](mailto:john.renner@sba.gov).

**SBA Launches GO Loan Program  
to Help Gulf Coast Small  
Businesses Hurt By Hurricanes  
Rita and Katrina**

On Nov. 8 the U.S. Small Business Administration announced the roll-out of the Gulf Opportunity Pilot Loan (GO Loan) program. GO Loans will strengthen and expand the role of local commercial banks in accelerating the recovery and rebuilding of Gulf Coast small businesses impacted by Hurricanes Katrina and Rita. GO-Loans, modeled after the SBAExpress loan program, will allow commercial lenders to use their own forms and underwriting to get working capital into the hands of small businesses in the Gulf region quickly.

These loans will be available up to \$150,000 dollars; they will have an 85 percent guarantee; and applicants will receive a decision from the SBA in 24 hours or less. GO Loans will be made available through Sept. 30, 2006. The SBA prescribes maximum interest rates participating banks may charge, but the actual rate is negotiated between the lender and the borrower. Repayment terms are generally between five and 25 years. ♦

**Cleveland District Office  
Program Staff**

*Gilbert B. Goldberg*, District Director  
*Richard A. Lukich*, District Counsel

**Lender Relations:**

*James F. Donato*, Manager and PIO  
*Timothy J. Ensich*, Lender Relations Specialist  
*Mark C. Hansel*, Lender Relations Specialist  
*Thomas R. Sangrik*, Lender Relations Specialist

**Business & Economic Development  
(Community Outreach):**

*James M. Duffy*, Manager  
*John R. Renner*, Business Development Specialist  
*Sonya M. Wagasky*, Business Development Specialist

**Small Business Dynamo Powers Ohio**  
By Ray Marchiori, Regional Advocate, Office of Advocacy,  
U.S. Small Business Administration

They are everywhere. Drive down almost any street, in any city and town in Ohio and you will see them. Retailers and manufacturers, wholesalers and contractors, one-person shops and significant employers. They are small businesses, and they are the dynamo that powers Ohio's economy. The Office of Advocacy of the U.S. Small Business Administration recently released its latest Ohio Small Business Profile and what it shows may surprise some people, but others of us have known it all along. Without its small business owners, Ohio's economy would not be nearly as strong as it is today.

The report shows that in 2004 an estimated 227,339 or 98.3 percent of the state's employer firms were small businesses. And that number does not even include the thousands of non-employer one-person firms scattered across the state. These businesses generated a sizeable amount of economic activity. In 2002, small firms (those with fewer than 500 employees) employed 49.1 percent of the state's non-farm private sector employees. What is even more remarkable is that from 2001 to 2002 (the latest data available) firms with fewer than 20 employees saw net job gains of 15,451 while firms with more than 500 employees actually lost jobs.

The diversity of its small business owners helps create integrated communities that make the state stronger. In 2002 (latest figures) women-owned firms totaled 230,124, an increase of 12 percent from 1997, and they generated \$32.6 billion in revenues. Moreover, there were 7,107 Hispanic-owned firms, an increase of 10 percent from 1997; 35,661 Black-owned firms, an increase of 32 percent; and 13,750 Asian-owned firms, an increase of 24 percent. Clearly small business ownership is drawing more and more of the state's residents into the economic mainstream. Main Street is where the state's citizens go to work, so policymakers should consider just how programs, rules, and regulations will affect the state's job-creating small businesses. According to Advocacy research, just complying with federal regulations costs the nation's smallest firms \$7,647 per employee each year. That is 45 percent more than the per-employee costs of their larger counterparts. The uneven burden of regulations on small business is not only a problem at the federal level. Because state and local regulations can also fall disproportionately on small businesses, Advocacy is encouraging states to pass laws requiring their agencies to consider the impact of regulations on small business.

To find out just how small business friendly the state's regulatory process is and what policy makers can do to improve the climate for small business and unleash the job-creating and community-building power of entrepreneurship, visit [www.sba.gov/advo/laws/law\\_modelleg.html](http://www.sba.gov/advo/laws/law_modelleg.html). Small businesses are dynamic, creative, innovative, job-creating, and they are powering the state's economy. Take a look around. There they are, in every city and every town. They are providing jobs, growth, and economic opportunity for all of Ohio. So next time you are in a store, shop, or warehouse along with your purchase you just might want to say "thanks." ♦

*Ray Marchiori is the Office of Advocacy Regional Advocate for Region V, covering Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin. He is the direct link between small business owners, state and local government agencies, state legislators, small business associations, and SBA's Office of Advocacy. Contact Ray Marchiori at (312) 353-8614 or [raymond.marchiori@sba.gov](mailto:raymond.marchiori@sba.gov).*

## Report Documents Increased Access to Capital in 2004

Small business loans outstanding by commercial banks increased by 5.5 percent between June 2003 and June 2004, according to a study released by the Office of Advocacy of the U.S. Small Business Administration.

The report, *Small Business and Micro Business Lending in the United States, for Data Years 2003-2004*, includes rankings of the top state lenders for loans under \$1 million (small business) and \$100,000 (micro business), based on the Reports of Condition and Income (Call Report) and Community Reinvestment Act (CRA) data. Four sets of tables rank large Bank Holding Companies (BHC) and commercial banks nationally and by state. Findings also include:

- Small business loans outstanding (loans under \$1 million) totaled \$522 billion as of June 2004, an increase of \$27 billion or 5.5 percent between June 2003 and June 2004. This compared with an increase of 2.3 percent during the previous period, according to the Call Report data.
- Large multi-billion-dollar banks and BHCs made 67 percent of micro business loans in the year ending June 30, 2004 compared to 64 percent in 2003. This increased share appears related to the increased promotion of small business credit cards by BHCs.

The Office of Advocacy prepares an annual study of bank lending focusing on business loans under \$1 million and under \$100,000. ♦

For more information and a complete copy of the report including the ranking of banks by state, visit the Office of Advocacy website at [a.gov/advo/research/2004.html](http://a.gov/advo/research/2004.html).

## News for SBA Lenders, (continued from page two)

### Updated Internal Revenue Service (IRS) Contact Information and 4506-T

The IRS has issued a new 4506-T. This Notice applies only to the 7(a) and 504 Loan Programs. Lenders are reminded that all SBA 7(a) and 504 related requests for IRS tax transcripts must be submitted to IRS Service Centers using the new IRS Form 4506-T. A copy of Form 4506-T is available on SBA's Intranet site (<http://yes.sba.gov/forms/>) and the SBA Banking site (<http://www.sba.gov/banking/>).

Please note that SBA's logo must be included at the top of the form to ensure SBA related requests are expedited and to ensure there will be no charge for the transcripts.

Questions or concerns may be directed to our IRS Contacts Renee Hall at 202-283-0379, Alonzo Manzy at 202-283-2397, or Lenn Fagan, SBA, at (202) 205-6301, e-mail: [leonard.fagan@sba.gov](mailto:leonard.fagan@sba.gov). ♦



Based on the information the SBA has at this time, the SBA's loan authority for FY06 stands as below:

7(a) Loans: \$17.0 billion

504 Loans \$7.5 billion

The agency is confident that these amounts are sufficient to meet demand.

## Reminder:

The SBA Cleveland District Office's  
new address is:

1350 Euclid Avenue, Suite 211  
Cleveland, Ohio 44115-1815

**Please update your records**



### THIRD ANNUAL VETERAN BUSINESS SYMPOSIUM A SUCCESS

The Third Annual Veteran Business Symposium was held Nov 3, 2005, at the Spitzer Conference Center at the Lorain County Community College, with Lorain National Bank as the primary sponsor. Other sponsors included Lorain County Community College, First Energy, Elyria Public Schools, Mainstreet Elyria and a variety of other companies and organizations. This year's event had a record 300 attendees! Veterans came from Ohio, Michigan, Indiana, Pennsylvania, New York and Iowa.

The symposium was a joint effort between the SBA Cleveland District Office and the Procurement Technical Assistance Centers of Ohio. The day long event brought Veterans together with approximately fifty Federal, State, local government purchasers, business development and Veterans' assistance programs. There were also workshops in the morning focusing on both start-up and government contracting issues. In the afternoon, panel discussions were held that focused on government contracting and financing.



*From left to right: Bob Fenn, Regional Program Director, Northern Ohio Procurement Technical Assistance Centers (NEO-PTAC), Theresa Swick, NEO-PTAC, LtC. James A. Blanco, Program Manager, U.S. Army Small Business Office, Scott Denniston, Director, Office of Small Disadvantaged Business Utilization, Department of Veterans Affairs, Jane Stewart, NEO-PTAC, David Bauerschmidt, Toledo PTAC, Dennis DeMolet, Chairman, U.S. Small Business Administration Advisory Committee for Veterans Business Affairs.*

Dennis DeMolet, Chairman of the U.S. Small Business Administration Advisory Committee for Veterans Business Affairs, honored three military veterans by inducting them into the newly formed Veterans Business Symposium Hall of Fame. The award recognizes veteran-owned businesses that have made progress toward achieving goals set out in their business plans, in part by utilizing the resources provided through this annual event or through their success in contracting with the government through the Service Disabled Veteran-Owned small business contracting program.

This year's inductees include: **Myron Lard - Lard's Farm**: Mr. Lard, a Marine, took over his father's farm and cattle operation outside Warren Ohio in 2003 when he attended the first Veteran Business Symposium. He subsequently obtained assistance from the Procurement Technical Assistance Center (PTAC) which led to contracts to supply beef to several sheriff's offices in Northeast Ohio counties. **Ron Christopher – American Engineering and Manufacturing, Inc. (AEM)**: AEM is a provider of engineering services and custom manufacturing solutions. The CEO, Ron Christopher, is a retired naval officer with 32 years of service. His efforts in working with his network of retired military contacts led to AEM's selection as a sub contractor for an IDIQ contract.



*Participants had many opportunities for networking.*

**Marco Parrilla – PTS Enterprises (Parilla's Tree Service)**: Mr. Parrilla returned to his job at a tree company after serving the country for four years and tree work has been a part of his life ever since. In 2003, Marco took the leap by leaving his job at Ford and going full time into his business. Marco met a representative of First Energy at the 2004 Veteran Business Symposium who provided mentorship to Marco. PTS Enterprises is now a growing company and has continued to build his business relationship with First Energy.

The morning presentation was given by Scott Denniston, Director, Office of Small Disadvantaged Business Utilization, Department of Veterans Affairs. Scott's inspiring presentation covered current Veteran business related legislation. LtC. James Blanco, US Army Small Business Office, provided the keynote luncheon address – Setting Up Veteran Owned Small Businesses for Success. The 4<sup>th</sup> Annual Veteran Business Symposium is scheduled for Nov. 2, 2006!♦

#### CORRECTION

*Please note the following changes to page one of the November Newsletter:*

##### 7(a) Loans:

Charter One Bank approved 49 loans.

##### 504 Loans:

Lucas County Improvement Corp. should read Lake County SBAC, approving 4 loans at \$1,365,000.

Lake County SBAC should read Community Capital Development Corp., approving 1 loan at \$209,000.

**We apologize for the errors.**